

# **HIGHLAND MERCURY MINES LIMITED**

**Annual Report  
1973**







# HIGHLAND MERCURY MINES LIMITED

*(Incorporated under the Laws of the Province of British Columbia)*

## **Authorized Capital:**

*3,000,000 shares without nominal or par value*

### **DIRECTORS**

B.O. BRYNELSEN ..... Vancouver, B.C.  
SIR MICHAEL BUTLER, Bt. Q.C. .... Sidney, B.C.  
R.W. FALKINS ..... West Vancouver, B.C.  
J.D. LEISHMAN ..... West Vancouver, B.C.  
J.D. MUNROE ..... West Vancouver, B.C.

### **OFFICERS**

J.D. LEISHMAN ..... President  
R.W. FALKINS ..... Vice-President  
SIR MICHAEL BUTLER, Bt. Q.C. .... Secretary-Treasurer

### **AUDITORS**

PRICE WATERHOUSE & CO ..... Vancouver, B.C.

### **SOLICITORS**

FARRIS, VAUGHAN, WILLS & MURPHY ..... Vancouver, B.C.

### **TRANSFER AGENTS**

THE CANADA TRUST COMPANY ..... Vancouver, B.C.  
and Toronto, Ont.

### **REGISTERED OFFICE**

700 - 1177 WEST HASTINGS STREET, VANCOUVER, B.C., V6E 2K5

### **ANNUAL GENERAL MEETING**

The Annual General Meeting of the Shareholders of Highland Mercury Mines Limited will be held on Thursday, June 27, 1974 in the Queen Anne Room, Hotel Georgia, Vancouver, B.C. at 2:30 o'clock in the afternoon (Pacific Daylight Saving time).

# HIGHLAND MERCURY MINES LIMITED

To the Shareholders:

During the year 1973 the company confined its interest to the Yukon and Northwest Territories.

Highland Mercury obtained three groups of claims in the Yukon and Northwest Territories in 1973:

- (a) Peso Group (40 claims) in the Summit Lake area of the Yukon, in the area where Placer discovered an important lead and zinc deposit. Exploration indicated a zone approximately 2,000 feet long with high lead and zinc geochemical assays;
- (b) Ore Group (64 claims) in the same general area, was explored during the season and results indicate some favourable zones, requiring further prospecting. Assessment work was recorded on both groups, and resulted in their having been put in good standing for two years;
- (c) Rip-Rap group of claims in the Godling Lake area of the Yukon, adjoining the Bethlehem Mines property, have known mineral showings on them, but have not been explored by Highland Mercury as yet.

Search for an outstanding project has been continuous and the set criteria is stringent.

We recently acquired 50% of an option on 29 miles of Placer leases in the Yukon. These options are good for three years, under certain conditions. The creeks are all in known gold placer areas. They consist of 5 miles on Josephine Creek, 2 miles on Josephine Pup Creek, 16 miles on Clear Creek, 1 mile on Arizona Creek and 3 miles on Hobo Creek, and 2 miles on Drapeau Creek. A detailed engineers report is being prepared and our plans for 1974, in the area, will then be finalized.

There is an option to earn 75% interest on claims near Port Alberni, B.C. The main zone has three holes previously reported, with assays of .84 oz. gold over 11 feet, .76 oz. gold over 9 feet and .81 oz. gold over 10 feet.

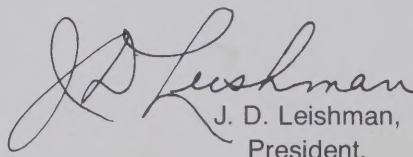
In addition to the main zone there are two other known zones — the Apex and the #2 Zone. Assessment and evaluation should be carried out in this part of the property. In the Apex zone previous work indicated true thickness of 11½ feet assaying .11 oz. gold; a second hole reported to be 7½ feet wide assayed .15 oz. gold. Surface sampling above this indicated 180 feet of .34 oz. gold. Drilling was done with pack sack drills and much core was lost, which could account for lower grade in drilling. This will require further exploration and assessment.

In the #2 zone, an area between the Apex zone and main zone, ten veins are known, some indicated by surface trenching and some by drilling. The latest was the discovery made in late 1973 of a 4 foot vein outcropping averaging .8 oz. gold across the width. Little detail is available but overall assessment and mapping will be done prior to a detailed geological exploration program.

The company is participating in the Harman Syndicate for prospecting in the Yukon and Northwest Territories. An extensive program is planned and your company has a net eight per cent interest.

We are indeed pleased with the potential of the acquisitions made during the year.

Respectfully submitted,

  
J. D. Leishman,  
President.

Vancouver, B.C.  
May 22, 1974



# Price Waterhouse & Co.

chartered accountants

1075 West Georgia Street Vancouver 5 B.C. (604) 682-4711 Telex 04-507740

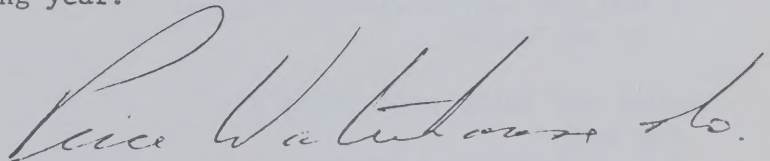
May 10, 1974

## AUDITORS' REPORT

To the Shareholders of  
Highland Mercury Mines Limited:

We have examined the balance sheet of Highland Mercury Mines Limited as at December 31, 1973 and the statements of deficit, deferred exploration and administration expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1973 and the costs of its exploration activities and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A large, stylized handwritten signature in cursive script, reading "Price Waterhouse & Co.", is written in dark ink.

Chartered Accountants

# HIGHLAND MERCURY MINES LIMITED

## BALANCE SHEET

December 31  
1973                  1972

### ASSETS

Current assets:

|                                          |                |                |
|------------------------------------------|----------------|----------------|
| Cash                                     | \$ 3,248       | \$ 81,957      |
| Accounts receivable and accrued interest | 17,282         | 1,330          |
| Short-term investments, at cost          | <u>166,395</u> | <u>150,000</u> |
|                                          | 186,925        | 233,287        |

|                      |   |       |
|----------------------|---|-------|
| Recoverable deposits | - | 7,000 |
|----------------------|---|-------|

|                                           |    |   |
|-------------------------------------------|----|---|
| Investment in affiliated company, at cost | 50 | - |
|-------------------------------------------|----|---|

Mineral claims, owned and optioned, at cost (Note 1):

|                                                               |          |               |
|---------------------------------------------------------------|----------|---------------|
| Owned, (\$375,000 measured by the issue of<br>750,000 shares) | 392,468  | 382,000       |
| Optioned                                                      | <u>-</u> | <u>14,000</u> |
|                                                               | 392,468  | 396,000       |

|                                                                                       |         |         |
|---------------------------------------------------------------------------------------|---------|---------|
| Deferred exploration and administration expenses -<br>per statement attached (Note 1) | 193,232 | 234,861 |
|---------------------------------------------------------------------------------------|---------|---------|

|                        |                  |                  |
|------------------------|------------------|------------------|
| Incorporation expenses | <u>1,224</u>     | <u>1,224</u>     |
|                        | <u>\$773,899</u> | <u>\$872,372</u> |

### LIABILITIES

|                  |           |          |
|------------------|-----------|----------|
| Accounts payable | \$ 14,583 | \$ 3,266 |
|------------------|-----------|----------|

### SHAREHOLDERS' EQUITY

Share capital:

Authorized-  
3,000,000 shares without nominal  
or par value

|                                 | <u>Shares</u>    |                |                |
|---------------------------------|------------------|----------------|----------------|
| Issued and fully paid (Note 2)- |                  |                |                |
| For cash                        | 792,000          | 483,000        | 483,000        |
| For exploration expenses        | 120,000          | 30,000         | 30,000         |
| For mineral claims              | <u>750,000</u>   | <u>375,000</u> | <u>375,000</u> |
|                                 | <u>1,662,000</u> | 888,000        | 888,000        |

|                                  |           |          |
|----------------------------------|-----------|----------|
| Deficit - per statement attached | (128,684) | (18,894) |
|                                  | 759,316   | 869,106  |

SIGNED ON BEHALF OF THE BOARD:

*J. D. Lushman* Director

*B. Brynson* Director

|                  |                  |
|------------------|------------------|
| <u>\$773,899</u> | <u>\$872,372</u> |
|------------------|------------------|

# HIGHLAND MERCURY MINES LIMITED

## STATEMENT OF DEFICIT

|                                                                                                     | <u>Year ended December 31</u> |                        |
|-----------------------------------------------------------------------------------------------------|-------------------------------|------------------------|
|                                                                                                     | <u>1973</u>                   | <u>1972</u>            |
| Mineral claims abandoned during year                                                                | \$ 21,000                     | \$15,000               |
| Exploration and administrative<br>expenditures applicable to<br>properties abandoned during<br>year | <u>88,790</u>                 | <u>3,894</u>           |
| Deficit for the year                                                                                | 109,790                       | 18,894                 |
| Deficit at beginning of year                                                                        | <u>18,894</u>                 | <u>-</u>               |
| Deficit at end of year                                                                              | <u><u>\$128,684</u></u>       | <u><u>\$18,894</u></u> |



# HIGHLAND MERCURY MINES LIMITED

## STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATION EXPENSES

|                                                                               | <u>Year ended December 31</u> |                         |
|-------------------------------------------------------------------------------|-------------------------------|-------------------------|
|                                                                               | <u>1973</u>                   | <u>1972</u>             |
| Exploration expenses:                                                         |                               |                         |
| Diamond and percussion drilling                                               | \$ -                          | \$ 23,047               |
| Line cutting                                                                  | -                             | 1,849                   |
| Surface stripping                                                             | -                             | 569                     |
| Sampling and assaying                                                         | 1,422                         | 1,941                   |
| Engineering and geology                                                       | 6,060                         | 6,780                   |
| Geophysical and geochemical surveys                                           | 2,550                         | 11,259                  |
| Claims inspection and contract staking                                        | 100                           | 7,051                   |
| Consulting                                                                    | 15,665                        | 4,500                   |
| Field supervision                                                             | 6,532                         | 4,319                   |
| Camp operations                                                               | -                             | 1,409                   |
| Travel and transportation                                                     | 8,420                         | 9,349                   |
| Mine general                                                                  | <u>6,316</u>                  | <u>2,828</u>            |
|                                                                               | <u>47,065</u>                 | <u>74,901</u>           |
| Administration expenses:                                                      |                               |                         |
| Legal and audit                                                               | 4,933                         | 6,532                   |
| Listing and filing fees                                                       | 280                           | 3,343                   |
| Transfer agent's fees                                                         | 1,406                         | 1,904                   |
| Office general                                                                | <u>6,202</u>                  | <u>5,689</u>            |
|                                                                               | 12,821                        | 17,468                  |
| Less: Interest on investments                                                 | <u>12,725</u>                 | <u>14,638</u>           |
|                                                                               | 96                            | <u>2,830</u>            |
| Net expenditures for the year                                                 | 47,161                        | 77,731                  |
| Balance of deferred expenses at beginning of year                             | <u>234,861</u>                | <u>161,024</u>          |
|                                                                               | 282,022                       | 238,755                 |
| Deduct: Expenditures applicable to exploration ventures abandoned during year | <u>88,790</u>                 | <u>3,894</u>            |
| Balance of deferred expenses at end of year                                   | <u><u>\$193,232</u></u>       | <u><u>\$234,861</u></u> |



# HIGHLAND MERCURY MINES LIMITED

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

|                                         | Year ended December 31 |                  |
|-----------------------------------------|------------------------|------------------|
|                                         | <u>1973</u>            | <u>1972</u>      |
| Source of funds:                        |                        |                  |
| Shares issued for cash                  | \$       -             | \$172,500        |
| Application of funds:                   |                        |                  |
| Exploration and administration expenses | 47,161                 | 77,731           |
| Recoverable deposit                     | -                      | 7,000            |
| Purchase of mineral claims and options  | 17,468                 | 36,000           |
| Purchase of investment                  | 50                     | -                |
|                                         | <u>64,679</u>          | <u>120,731</u>   |
| Decrease (increase) in working capital  | 64,679                 | (51,769)         |
| Working capital at beginning of year    | <u>230,021</u>         | <u>178,252</u>   |
| Working capital at end of year          | <u>\$165,342</u>       | <u>\$230,021</u> |

# HIGHLAND MERCURY MINES LIMITED

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1973

### 1. Mineral claims and deferred exploration and administration expenses:

All of the mineral claims owned by the Company are still in the exploration stage and accordingly, their value and the value of deferred exploration and administrative expenses thereon cannot be determined at the present time.

On January 14, 1971 the Company entered into an agreement with Cominco Ltd., whereby further exploration and development of the Company's mineral claims, known as the Cin group, was to be carried out and financed by Cominco up to a maximum expenditure of \$100,000 covering approximately a three year period ended December 1, 1973. The expenditure requirements have been met for the first two years, but Cominco did not proceed with development and exploration work to the end of the third year. Amendments to the agreement have been made whereby the remaining requirements have been deferred, but Cominco has undertaken to maintain the claims in good standing until 1978. Provision is also made whereby Cominco may resume its activities or, on one year's notice, terminate the agreement.

### 2. Share capital:

Pursuant to a deed of gift and surrender dated December 7, 1973, 60,000 of the Company's issued shares were surrendered by a shareholder at no cost to the Company. These shares are held in escrow by The Canada Trust Company for account of the Company.







